



Ahsay Backup Software Development Company Limited

亞勢備份軟件開發有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8290)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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This announcement, for which the directors (the “Directors”) of Ahsay Backup Software Development Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- The Group's revenue for the year ended 31 December 2021 was approximately HK\$47.9 million, representing a decrease of approximately 12.6% from approximately HK\$54.8 million for the prior year.
- Loss attributable to owners of the parent for the year ended 31 December 2021 was approximately HK\$15.7 million as compared to approximately HK\$3.7 million for the prior year.
- Segment losses of approximately HK\$15.7 million and HK\$6.3 million were recorded from online backup software and related services segment for the year ended 31 December 2021 and 2020 respectively.
- Segment losses of approximately HK\$0.2 million and HK\$2.7 million were recorded from information platform segment for the years ended 31 December 2021 and 2020 respectively.
- Basic and diluted loss per share were both HK0.78 cent for the year ended 31 December 2021.
- The Board did not recommend the payment of any dividend for the year ended 31 December 2021.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of Directors (the "Board") of the Company hereby announces the following consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021 (the "2021 Annual Results") together with the comparative figures for the year ended 31 December 2020 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	3	47,874	54,838
Cost of inventories sold		(505)	(268)
Other income	4	306	4,257
Other (losses) gains		(349)	49
Staff costs and related expenses	5	(44,582)	(46,452)
Other expenses	6	(18,428)	(16,761)
Finance costs	7	(245)	(363)
Loss before tax		(15,929)	(4,700)
Income tax (expense) credit	8	(200)	249
Loss for the year		(16,129)	(4,451)
Attributable to:			
Owners of the parent		(15,673)	(3,664)
Non-controlling interests		(456)	(787)
		(16,129)	(4,451)
Other comprehensive (loss) income			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences arising on translation of foreign operations		(557)	565
Other comprehensive (loss) income for the year		(557)	565
Total comprehensive loss for the year		(16,686)	(3,886)
Attributable to:			
Owners of the parent		(16,279)	(3,101)
Non-controlling interests		(407)	(785)
		(16,686)	(3,886)
Loss per share attributable to ordinary equity holders of the parent			
— Basic and diluted (HK cent)	10	(0.78)	(0.18)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		12,553	13,297
Right-of-use assets		7,236	2,925
Goodwill		—	706
Other intangible assets		—	2,428
Deferred tax assets		141	141
Deposits paid	<i>11</i>	465	13
		20,395	19,510
CURRENT ASSETS			
Inventories		76	93
Trade and other receivables	<i>11</i>	3,196	4,357
Financial asset at amortised cost		—	1,563
Tax recoverable		—	1,059
Bank balances and cash		62,539	72,850
		65,811	79,922
CURRENT LIABILITIES			
Other payables and accruals	<i>12</i>	4,428	5,506
Contract liabilities		15,177	14,640
Lease liabilities		2,266	3,041
Other borrowings		1,749	1,811
Tax payable		119	188
		23,739	25,186
NET CURRENT ASSETS		42,072	54,736
TOTAL ASSETS LESS CURRENT LIABILITIES		62,467	74,246
NON-CURRENT LIABILITIES			
Contract and other liabilities		1,227	1,252
Lease liabilities		4,906	—
Deferred tax liabilities		68	42
		6,201	1,294
NET ASSETS		56,266	72,952
EQUITY			
Equity attributable to owners of the parent			
Share capital		20,000	20,000
Reserves		37,327	53,606
		57,327	73,606
Non-controlling interests		(1,061)	(654)
Total equity		56,266	72,952

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital and other reserves	Translation reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000 (note i)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	20,000	72,435	3,395	117	(19,240)	76,707	131	76,838
Loss for the year	—	—	—	—	(3,664)	(3,664)	(787)	(4,451)
Other comprehensive income for the year								
Exchange differences arising on translation of foreign operations	—	—	—	563	—	563	2	565
Total comprehensive income (loss) for the year	—	—	—	563	(3,664)	(3,101)	(785)	(3,886)
At 31 December 2020 and 1 January 2021	20,000	72,435*	3,395*	680*	(22,904)*	73,606	(654)	72,952
Loss for the year	—	—	—	—	(15,673)	(15,673)	(456)	(16,129)
Other comprehensive (loss) income for the year								
Exchange differences arising on translation of foreign operations	—	—	—	(606)	—	(606)	49	(557)
Total comprehensive loss for the year	—	—	—	(606)	(15,673)	(16,279)	(407)	(16,686)
At 31 December 2021	<u>20,000</u>	<u>72,435*</u>	<u>3,395*</u>	<u>74*</u>	<u>(38,577)*</u>	<u>57,327</u>	<u>(1,061)</u>	<u>56,266</u>

* These reserve accounts comprise the consolidated reserves of HK\$37,327,000 (2020: HK\$53,606,000) in the consolidated statement of financial position.

Note:

i. Capital and other reserves comprise:

- (a) a debit amount of HK\$5,000 representing the difference between the fair value of the consideration paid in the amount of HK\$205,000 to Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui, and Mr. Chong Siu Ning (the “Controlling Shareholders”) and the carrying amount of HK\$200,000 of the net assets attributable to the 100% equity interests in CloudBacko Corporation (“CloudBacko BVI”) and Ahsay Service Centre Limited (“ASCL”), upon transfer of the 100% equity interests in CloudBacko BVI and ASCL from the Controlling Shareholders in April 2015;
- (b) a credit amount of HK\$1,000,000 representing the difference between the par value of the shares issued by Alpha Heritage Holdings Limited (“Alpha Heritage”), a wholly-owned subsidiary of the Company, and the share capital of Ahsay Systems Corporation Limited (“Ahsay HK”), upon transfer of the 100% equity interest in Ahsay HK to Alpha Heritage in May 2015;
- (c) a credit amount of HK\$2,000,000 representing the deemed capital contribution from the Controlling Shareholders with regard to a waiver of amounts due to shareholders in March 2015;
- (d) a credit amount of HK\$1,102,000 representing the deemed capital contribution from the Controlling Shareholders upon disposal of the entire equity interest in Million Victory Investment Management Limited, a subsidiary of the Group, to a related company controlled by the Controlling Shareholders; and
- (e) a debit amount of HK\$702,000 representing the changes in non-controlling interests arising from the additional capital contribution by the Group.

1. GENERAL INFORMATION

Ahsay Backup Software Development Company Limited (the “Company”) is a publicly listed company incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is All Divine Investments Limited, a private company incorporated in the British Virgin Islands (the “BVI”) with limited liability; and, in the opinion of the directors, its ultimate holding company is Able Future Investments Limited, a private company incorporated in the BVI with limited liability. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is 28th Floor, Ford Glory Plaza, 37 Wing Hong Street, Lai Chi Kok, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of online backup software solutions to clients via the internet.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of the subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the

separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received COVID-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance, focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

Online backup software and related services segment	— Software license sales and leasing, provision of software upgrades and maintenance services, sale of hardware devices, and provision of other services
Information platform segment	— Provision of information sharing services and an analysis tool

Segment revenue and results

Segment results represent the loss from each segment without allocation of other income and other gains and losses that are not directly attributable to the segment as disclosed in the table below. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	For the year ended 31 December 2021			For the year ended 31 December 2020		
	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue — External						
Software license sales	4,061	—	4,061	7,591	—	7,591
Software license leasing	17,957	—	17,957	22,096	—	22,096
Software upgrades and maintenance services	21,024	—	21,024	22,236	—	22,236
Other services	1,168	—	1,168	1,221	—	1,221
Sale of hardware devices	—	617	617	—	256	256
Information sharing service income	—	144	144	—	117	117
Subscription fees	—	2,903	2,903	—	1,321	1,321
Total revenue	44,210	3,664	47,874	53,144	1,694	54,838
Timing of revenue recognition						
At a point in time	4,128	761	4,889	7,649	373	8,022
Over time	40,082	2,903	42,985	45,495	1,321	46,816
	44,210	3,664	47,874	53,144	1,694	54,838
Segment loss	(15,665)	(221)	(15,886)	(6,291)	(2,715)	(9,006)
Unallocated incomes and expenses						
Other income			306			4,257
Other (losses) gains			(349)			49
Loss before tax			(15,929)			(4,700)

Performance obligations

Software license sales

The performance obligation is satisfied at the point in time when the license is granted and payment is generally due from the date of billing.

Software license leasing

The performance obligation is satisfied over time and payment is generally due within 14-30 days from the date of billing, except for new customers, where payment in advance is normally required.

The Group uses the right to invoice practical expedient and determined not to disclose the amount of the remaining performance obligations for customer contracts as at the year end.

Software upgrades and maintenance services and certain types of other services

The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group and payment is generally due from the date of billing.

Sale of hardware devices

The performance obligation of the sale of hardware devices is satisfied at the point in time upon delivery of the hardware devices and payment is generally due from the date of billing.

Information sharing service income and certain types of other services

The performance obligation is satisfied at the point in time as services are rendered and payment is generally due from the date of billing.

Subscription fees

The performance obligation of subscription fees is satisfied over time on a straight-line basis over the subscription period as the customers simultaneously receive and consume the benefits of services provided by the Group and payment is generally due from the date of billing.

Transaction price allocated to the remaining performance obligation for contracts with customers

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amounts expected to be recognised as revenue:		
Within one year	15,177	14,640
After one year	931	965
	<u>16,108</u>	<u>15,605</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to software upgrades and maintenance services, of which the performance obligations are to be satisfied within two years.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	At 31 December 2021			At 31 December 2020		
	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets						
Segment assets	23,237	430	23,667	24,667	352	25,019
Reconciliation:						
Unallocated assets						
Financial asset at amortised cost			—			1,563
Bank balances and cash			62,539			72,850
Consolidated assets			86,206			99,432
Reportable segment liabilities						
Segment liabilities	28,109	1,831	29,940	25,187	1,293	26,480

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than financial asset at amortised cost and bank balances and cash that are managed on a group basis.
- all liabilities are allocated to operating segments.

Other segment information

	For the year ended 31 December 2021			For the year ended 31 December 2020		
	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Capital expenditure (<i>Note</i>)	1,478	8	1,486	9,059	23	9,082
Depreciation and amortisation	4,522	12	4,534	5,737	13	5,750
Impairment losses on other intangible assets	2,372	—	2,372	—	—	—
Impairment losses on goodwill	706	—	706	—	—	—

Note: Capital expenditure consists of additions to property, plant and equipment, deposits paid for purchases of office premises, and other intangible assets including those acquired from business combination.

Non-current assets by geographical location

An analysis of the Group's non-current assets is presented based on the geographical location of the assets as detailed below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	8,913	6,663
Philippines	10,863	11,886
South Korea	13	807
	<u>19,789</u>	<u>19,356</u>

Non-current assets exclude deposits paid and deferred tax assets.

Revenue by geographical location

An analysis of the Group's revenue from external customers by geographical location, determined based on the locations of the customers, is detailed below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
United States	6,511	7,400
Others (<i>Note</i>)	41,363	47,438
	<u>47,874</u>	<u>54,838</u>

Note: Including other countries which individually contribute less than 10% of the total revenue of the Group for each respective year

Information about major customers

There were no sales to a single customer contributing over 10% of the total revenue of the Group in both years.

4. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	71	866
Interest income on refundable rental deposits	28	27
Interest income on financial asset at amortised cost	66	45
Government subsidies (<i>Note</i>)	—	3,226
Sundry income	141	93
	<u>306</u>	<u>4,257</u>

Note: Government subsidies related to cash subsidies granted by the Government of the Hong Kong Special Administrative Region under the Employment Support Scheme. During the year ended 31 December 2020, approximately HK\$3,226,000 was received and recognised.

5. STAFF COSTS AND RELATED EXPENSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Directors' emoluments	8,509	9,775
Other staff costs		
— Salaries, allowances and benefits in kind and performance and other bonuses	34,481	35,353
— Retirement benefit scheme contributions, excluding directors' retirement contributions*	1,015	1,138
Total directors' and staff costs	44,005	46,266
Less: Development costs capitalised	—	(253)
Total directors' and staff costs, net of development cost capitalised	44,005	46,013
Staff-related expenses	577	439
Staff costs and related expenses	<u>44,582</u>	<u>46,452</u>
Research and development costs included in staff costs and related expenses	<u>18,707</u>	<u>17,958</u>

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. OTHER EXPENSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	845	800
Advertising and marketing expenses	1,996	2,728
Amortisation of other intangible assets	56	1,639
Impairment of other intangible assets	2,372	—
Impairment of goodwill	706	—
Legal and professional fees	1,567	1,659
Depreciation of property, plant and equipment	1,528	1,161
Depreciation of right-of-use assets	2,950	2,950
Expenses related to short-term leases	237	249
Rates and property management fees	598	605
Merchant credit card charges	1,267	1,426
Electricity and water	442	348
Web hosting expenses	848	559
Others	3,016	2,637
	<u>18,428</u>	<u>16,761</u>

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expense on:		
Lease liabilities	164	298
Other borrowings	81	65
	<u>245</u>	<u>363</u>

8. INCOME TAX (EXPENSE) CREDIT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	(188)	(89)
Overprovision in prior years:		
Hong Kong Profits Tax	14	36
	<u>(174)</u>	<u>(53)</u>
Deferred tax	(26)	302
	<u>(200)</u>	<u>249</u>

The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in the respective jurisdictions.

Under the two-tiered profits tax rates regime, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Other subsidiaries of the Company are subject to Hong Kong Profits Tax at the rate of 16.5% for the years ended 31 December 2021 and 2020, respectively.

Under the Enterprise Income Tax Law (the “EIT Law”) of the People’s Republic of China (the “PRC”) and the Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiary is 25% for both years. No provision for taxation in the PRC has been made for both years as the Group had no assessable profits in the PRC.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax (expense) credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Loss before tax	<u>(15,929)</u>	<u>(4,700)</u>
Tax at the Hong Kong Profits Tax rate of 16.5%	(2,628)	(776)
Differences in tax rates for specific provinces or enacted by local authority	47	98
Tax effect of expenses not deductible for tax purposes	246	101
Tax effect of income not taxable for tax purposes	(11)	(690)
Tax effect of tax losses not recognised	2,335	1,133
Tax losses utilised from previous period	(44)	—
Tax effect of deductible temporary differences not recognised	367	—
Overprovision in prior years	(14)	(36)
Income tax at the concessionary rate	<u>(98)</u>	<u>(79)</u>
Income tax expense (credit) for the year	<u>200</u>	<u>(249)</u>

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted loss per share attributable to ordinary equity holders of the parent is based on the following data:

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Loss attributable to ordinary equity holders of the parent	<u>(15,673)</u>	<u>(3,664)</u>

2021	2020
'000	'000

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share calculation

<u>2,000,000</u>	<u>2,000,000</u>
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The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

11. TRADE AND OTHER RECEIVABLES/DEPOSITS PAID

2021	2020
HK\$'000	HK\$'000

Current assets

Trade receivables — aged within 30 days, based on the invoice date

1,487	2,121
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Rental and utility deposits

293	1,017
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Prepaid operating expenses and other receivables

<u>1,416</u>	<u>1,219</u>
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Total

<u>3,196</u>	<u>4,357</u>
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Non-current assets

Deposits paid

<u>465</u>	<u>13</u>
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The Group's trade receivables consist of receivables from customers and credit card companies. The Group's sales are generally made through the internet when payment is normally required before the delivery of software licenses and the provision of services. For software license leasing which charges the customers monthly license fees on a pay-as-you-go basis, the Group offers a credit period of 14-30 days to these customers.

12. OTHER PAYABLES AND ACCRUALS

2021	2020
HK\$'000	HK\$'000

Accrued staff costs and related expenses

2,583	4,002
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Other payables and accrued operating expenses

<u>1,845</u>	<u>1,504</u>
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Total

<u>4,428</u>	<u>5,506</u>
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Other payables are non-interest bearing. The ageing of other payables was less than one year, based on the invoice date.

BUSINESS REVIEW

The novel coronavirus (“COVID-19”) pandemic affected the entire year of 2021 as compared to the year 2020. With our major customers situated in Europe, the negative impact from the on-going COVID-19 pandemic on the region has continually affected our online backup business. Under the keen competition from open-source alternatives for backup solution, we have adjusted the pricing strategy to attract potential customers. It is expected that our online backup business remains challenging and competitive, especially in small and medium-sized enterprises.

As a result of a tough business operating environment, the revenue derived from the Group’s online backup software and its related services inevitably decreased by approximately HK\$8.9 million or 16.8% from approximately HK\$53.1 million for the year ended 31 December 2020 to approximately HK\$44.2 million for the year ended 31 December 2021.

On the other side, the revenue derived from the Group’s information platform increased by approximately HK\$2.0 million or 117.6% from approximately HK\$1.7 million for the year ended 31 December 2020 to approximately HK\$3.7 million for the year ended 31 December 2021.

Total revenue of the Group decreased by approximately HK\$6.9 million or 12.6% from approximately HK\$54.8 million for the year ended 31 December 2020 to approximately HK\$47.9 million for the year ended 31 December 2021.

Over the past 20 years, we have built strong relationship with customers. We are dedicated to developing high quality products to cater the market and customer needs in order to achieve the customized development of products. During the year, we have further upgraded the functionalities of Ahsay™ Backup Software Version 8 and developed new product features for the next version. In January 2022, Ahsay™ Backup Software Version 9 has been launched. We will continue to pay attention to the market changes and future development direction.

OUTLOOK

Core Backup Business

Ahsay™ Backup Software Version 8 (“Version 8”) is an advanced client-server based, on-premises and cloud backup software solution for businesses and managed service providers (“MSPs”). The whole solution can be deployed within a company to back up all virtual machines, servers, desktops and laptops. MSPs can also use it for offering secure managed backup service to their clients.

Version 8 comes with a web based central management console for system administrator to easily manage the whole backup system through any web browser. Also, it supports various features including Microsoft SharePoint Online Backup and has further enhanced the existing Office 365 backup features such as the support of Office 365 Modern Authentication, quick multiple users selection and others.

As the COVID-19 pandemic ran rampant across the globe starting from 2020, more people have turned towards their mobile devices as the primary tool to complete necessary and essential tasks. With the diverse and advanced capabilities of mobile devices, mobile application development has become an inevitable trend.

In early 2021, a new Ahsay Mobile app (“Ahsay Mobile”) has been introduced in the latest version of Ahsay™ Backup Software to provide customers with mobile backup solution. Ahsay Mobile users can access to critical business or personal data flexibly by using the backup and restore features for photos and videos on mobile devices. In addition to the mobile backup solution, in order to protect the loss of data caused by cyber threats or unauthorized users, an enhanced Two-Factor Authentication has been introduced to provide additional security options for our customers.

During the 2nd half of 2021, the Group has also launched a new cloud-based backup subscription solution, named CloudBacko Go which is a SaaS (Software as a Service) model for individuals, SOHOs (Small Office Home Office) and enterprises. We would continue to invest in our SaaS products and related services in order to deliver superior customer experiences and increase our market share in the backup software sector for the coming years. We will also closely monitor the market conditions and use our best endeavours to implement our plans in order to pursue steady development of the Group.

Dedicated to meet the latest needs of enterprises and backup service providers, AhsayTM Backup Software Version 9 (“Version 9”) has been launched in January 2022 to cope with the market changes. With new features such as deduplication, we believe Version 9 has improved user experience for our customers.

Information Platform

The Group has developed information platforms, named KINBOY (堅仔) which is an information analysis tool and KINTIPS (堅料) for information sharing. Those platforms are mainly deployed on mobile-application.

KINBOY is an all-in-one platform to provide users horse racing information and an alternative way to access such information electronically. The subscription business model of KINBOY was launched in late 2019. The service is tiered and structured such that free members can access the latest race cards, results and dividends, entries lists, chance table of horse racing and other detailed information such as finesse of horses, odds trend and forecast of first two races for catch-up viewing; while paid members can access detailed information of full day races.

Apart from KINBOY, minimal revenue contributions are derived from information sharing platform via KINTIPS; which is a platform designed for information providers and subscribers to share information via its website and mobile application.

Nowadays, it is common to see people getting updates on the latest information from the internet. Online information can be updated frequently and searched quickly. To browse information, most users are accustomed to use mobile devices. With the Group’s experience in the information technology industry, we believe the Group can further diversify its business into the mobile-application industry in the foreseeable future. For the year ended 31 December 2021, the revenue contribution of the information platform to the Group increased notably as compared with the prior year.

FINANCIAL REVIEW

Overview

During the years ended 31 December 2021 and 2020, the Group recorded revenues of approximately HK\$47.9 million and HK\$54.8 million, respectively, representing a decrease of approximately 12.6%. The Group recorded a loss attributable to owners of the parent of approximately HK\$15.7 million for the year ended 31 December 2021 as compared to a loss attributable to owners of the parent of approximately HK\$3.7 million for the prior year.

The increase in loss was mainly attributable to (i) the decrease in revenue derived from the Group's online backup business as affected by the adverse impact from the prolonged COVID-19 pandemic especially in Europe and keen competition in the global markets, (ii) the decrease in other income as a result of the absence of subsidies granted to the Group under the Employment Support Scheme launched by the Government of the Hong Kong Special Administrative Region ("HKSAR Government") and (iii) the recognition of impairment losses of other intangible assets related to previous capitalised development costs and goodwill of an acquired subsidiary, which was partially offset by (i) the increase in revenue derived from subscription of the Group's information platform and (ii) the decrease in staff cost mainly due to the decrease in directors' emolument and the continued strengthening of the Group's development team by replacement of experienced staff to Philippines during the year ended 31 December 2021 as compared with the prior year.

Revenue

The Group's revenue principally represented income derived from software license sales and leasing, software upgrades and maintenance services, subscription fees of information platform and other services. Revenues of approximately HK\$47.9 million and HK\$54.8 million were recognised for the years ended 31 December 2021 and 2020, respectively, representing a decrease of approximately 12.6%.

The decrease in revenue for the year ended 31 December 2021 was mainly due to the decrease in revenue derived from the Group's online backup business as affected by the adverse impact from the prolonged COVID-19 pandemic especially in Europe and keen competition in global markets; and was partially offset by the increase in revenue derived from increase in subscription of the Group's information platform as compared with the prior year.

Other Income

Other income decreased by approximately HK\$4.0 million or 93.0%, to approximately HK\$0.3 million for the year ended 31 December 2021 from approximately HK\$4.3 million for the year ended 31 December 2020. The decrease in other income for the year ended 31 December 2021 was mainly due to the absence of subsidies granted to the Group under the Employment Support Scheme launched by the HKSAR Government and the decrease in bank interest income as a result of the decrease in the average interest rate of time deposits as compared with the prior year.

Staff Costs and Related Expenses

Staff costs and related expenses primarily comprised salaries, performance bonuses, directors' fee, Mandatory Provident Fund contributions, other staff welfare and other related expenses. Staff costs and related expenses which decreased by approximately HK\$1.9 million or 4.1%, to approximately HK\$44.6 million for the year ended 31 December 2021 from approximately HK\$46.5 million for the year ended 31 December 2020.

The decrease in staff costs and related expenses for the year ended 31 December 2021 was mainly due to (i) the decrease in directors' emoluments and (ii) the continued strengthening of our development team by replacement of experienced staff to the Philippines as compared with the prior year.

Other Expenses

Other expenses primarily comprised depreciation, advertising and marketing expenses, merchant credit card charges, legal and professional fees and other regular office expenses such as utilities. Other expenses increased by approximately HK\$1.6 million, or 9.5%, to approximately HK\$18.4 million for the year ended 31 December 2021 from approximately HK\$16.8 million for the year ended 31 December 2020.

The increase in other expenses was mainly due to the recognition of impairment losses of other intangible assets related to previous capitalised development costs and goodwill of an acquired subsidiary as a result of the increasingly challenging external environment of online backup software market and the prolonged global impact from the COVID-19 pandemic, which was partially offset by the decrease in amortisation of other intangible assets in relation to the Ahsay™ Backup Software Version 8 being fully amortised during the year ended 31 December 2020.

Income Tax (Expense) Credit

The Group recorded income tax expense of approximately HK\$0.2 million for the year ended 31 December 2021. The movement of income tax expense was mainly due to the recognition of deferred tax credit for a subsidiary in prior year.

Loss for the Year

The Group recorded a loss of approximately HK\$16.1 million for the year ended 31 December 2021 as compared to a loss of approximately HK\$4.5 million for the prior year. Among the loss for the year, approximately HK\$15.7 million and HK\$0.2 million segment losses were incurred from the Group's online backup software and related services segment and information platform segment, respectively.

Financial Position, Liquidity and Financial Resources

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and substantial amount of cash denominated mainly in Hong Kong dollars ("HK\$") is generally deposited with licensed banks in Hong Kong and Singapore. As the Group's cash and bank balances are substantially denominated in Hong Kong dollars, risk in exchange rate fluctuation would not be material.

The Group is in a sound financial position. As at 31 December 2021, the Group's current assets were approximately HK\$65.8 million (31 December 2020: approximately HK\$79.9 million). The Group remained at a net cash position as at 31 December 2021 and 2020, respectively. Based on the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Charges on Assets of the Group

As at 31 December 2021, there was no charge on assets of the Group (31 December 2020: nil).

Capital Structure

The capital structure of the Company comprised of ordinary shares only. As at 31 December 2021, the Company's issued share capital was HK\$20.0 million with 2,000,000,000 issued shares of HK\$0.01 each.

Gearing Ratio

As at 31 December 2021, the Group's gearing ratio, calculated as interest-bearing liabilities divided by the total equity, was approximately 3.1% (31 December 2020: 2.5%).

Financial Management Policies

The Group in its ordinary course of business is exposed to market risks such as foreign currency risk and interest rate risk. The Group's risk management strategy aims to minimise the adverse effects of these risks on its financial performance.

The Group's cash is primarily deposited at licensed banks in Hong Kong and denominated mainly in HK\$. As at 31 December 2021, no related hedges were made by the Group (31 December 2020: nil).

As most of the Group's trading transactions, monetary assets and liabilities are denominated in HK\$, the impact of foreign exchange exposure to the Group during the year ended 31 December 2021 was minimal and there was no significant adverse effect on normal operations.

The carrying amounts of the Group's monetary assets denominated in currencies other than the Group's operating units' functional currencies at the end of the reporting period are mainly denominated in United States Dollar ("US\$"). As HK\$ is pegged to the US\$ within a narrow band, the Group does not expect any significant movements in the US\$/HK\$ exchange rate. Accordingly, management considers that the Group's foreign currency risk exposure for US\$ is not significant.

With the current interest rates remaining at relatively low levels, the Group has not entered into any interest rate hedging contracts or any other interest rate related derivative financial instruments. However, the Group continues to monitor its interest rate exposure closely.

Capital Commitments and Contingent Liabilities

The Group had no significant capital commitments and contingent liabilities as at 31 December 2021 and 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2021 and 2020, respectively.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had a workforce of 99 employees (2020: 125). The decrease in number of employees was mainly due to enhancement of workforce efficiency. Total directors and staff costs for the year ended 31 December 2021 was approximately HK\$44.0 million, representing a decrease of approximately HK\$2.3 million or 5.0% as compared to that of the corresponding period in 2020.

Remuneration is determined with reference to the duties, responsibilities, experience, performance and competence of individual employee and Director. In addition to salaries and discretionary bonuses relating to the performance of the Group, employee benefit included the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group has not participated in any other pension schemes for the employees in Hong Kong. Most of the employees engaged outside Hong Kong are covered by appropriate local arrangements. The emoluments of the Directors are reviewed annually by the remuneration committee of the Board ("Remuneration Committee").

As incentives and rewards for their contributions to the Group, the employees of the Group and all the Directors (including the independent non-executive Directors ("INEDs") and non-executive Director) may also be granted share options by the Company from time to time pursuant to the share option scheme adopted on 4 September 2015.

The Group provides various training to its employees to enhance their technical skills and knowledge relevant to the employees' responsibilities.

During the year, the Group did not experience any strikes, work stoppages or significant labour disputes which would have affected its operations in the past and it did not experience any significant difficulties in recruiting and retaining qualified staff.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

FINAL DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 December 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance framework bases on two main beliefs:

- the Group is well-committed to maintain good corporate governance practices and procedures; and
- the Group recognises the need to adopt practices that improve itself continuously for a quality management.

Accordingly, the Group is committed to maintaining high standards of corporate governance with a view to assure the proper conduct of management of the Group as well as protecting the interests of all Shareholders. The corporate governance principles adopted by the Group emphasize a quality Board for leadership, effective internal controls, transparency and accountability to all Shareholders.

The Group has applied the principles and adopted all code provisions, where applicable, of the Corporate Governance Code ("CG Code") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Directors consider that, the Group has complied with all the code provisions as set out in the CG Code throughout the year ended 31 December 2021.

The Group has further adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to specific enquiry made by the Company, each of the Directors gave confirmation that he/she has complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2021.

The Group believes through the operation of an effective Board, sound internal controls, and accountability to Shareholders, the Group is able to maximise the value of all Shareholders.

ANNUAL GENERAL MEETING (THE "AGM")

The forthcoming AGM of the Company will be held on Friday, 6 May 2022 at 9:30 a.m., the AGM notice will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders' entitlement to attend and vote at the AGM, the Company's register of members will be closed from Tuesday, 3 May 2022 to Friday, 6 May 2022 (both dates inclusive), during which period no transfer of shares of the Company can be registered. In order to be eligible to attend the AGM, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 29 April 2022.

REVIEW BY THE AUDIT COMMITTEE

The Company has established an audit committee of the Board (the "Audit Committee") with written terms of reference which deal clearly with its authority and duties. The Audit Committee's principal duties are to review and supervise the Company's financial reporting process and internal control systems and to provide advice and comments to the Board. The Audit Committee has reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2021.

AUDITOR'S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENTS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website and the Company's website. The annual report of the Company for the year ended 31 December 2021 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Ahsay Backup Software Development Company Limited
Chong Siu Ning
Chairman and Executive Director

Hong Kong, 18 March 2022

As at the date of this announcement, the executive Directors are Mr. CHONG Siu Ning, Mr. CHONG Siu Pui and Mr. CHONG King Fan; the non-executive Director is Ms. CHONG Siu Fan; and the independent non-executive Directors are Mr. WONG Cho Kei Bonnie, Ms. WONG Pui Man and Mr. WONG Yau Sing.

This announcement will remain on the "Latest Listed Company Information" page on the GEM website at www.hkgem.com for at least 7 days from the date of its posting and will also be published on the Company's website at <http://www.ahsay.com.hk>.